

## Message Text

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PAGE 01 LIMA 07440 052340Z

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ACTION ARA-20

INFO OCT-01 ISO-00 FEA-02 AEC-11 AID-20 CEA-02 CIAE-00

CIEP-03 COME-00 DODE-00 EB-11 FPC-01 H-03 INR-11

INT-08 L-03 NSAE-00 NSC-07 OMB-01 PM-07 RSC-01 SAM-01

SCI-06 SP-03 SS-20 STR-08 TRSE-00 FRB-03 PA-04

USIA-15 PRS-01 MC-02 IO-14 DRC-01 /190 W

----- 041791

R 052249Z SEP 74

FM AMEMBASSY LIMA

TO SECSTATE WASHDC 1780

INFO AMEMBASSY SANTIAGO

AMEMBASSY BRASILIZ

AMEMBASSY LA PAZ

AMEMBASSY QUITO

USCINCSO

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E.O. 11652: N/A

TAGS: EGEN, PFOR, PINT, PE

SUBJ: PRESIDENT VELASCO'S PRESS CONFERENCE

1. SUMMARY. ON SEPT 4, PRESIDENT VELASCO MET WITH PRESS FOR TWO AND ONE- HALF HOURS. HE REASSURED FOREIGN OIL COMPANIES THAT PERU WIL RESPECT CONTRACTS IT HAS SIGNED. IN UNPUBLISHED COMMENTS, VELASCO NOTED THAT PIPELINE AGREEMENT WITH JAPANESE HAS YET TO BE FINALIZED AND HE REFUSED TO ACKNOWLEDGE FOREIGN PRESS REPORTS THAT PERU IS PURCHASING FOUR ITALIAN MISSLE FRIGATES. VELASCO SAID THAT HIS OCTOBER 3 SPEECH WILL NOT CONTAIN SURPRISES. CONFERENCE HIGHLIGHTS FOLLOW. THESE ARE TAKEN FROM PUBLISHED TASCRIPT UNLESS IDENTIFIED AS TAPED VERSION.

2. VELASCO'S HEALTH. TAPE REVEALS THAT A VENEZUELAN JOURNALIST NOTED THAT IT WAS SAID ABROAD THAT THE REVOLUTION WOULD COLLAPSE

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PAGE 02 LIMA 07440 052340Z

IF VELASCO DISAPPEARED AND THAT IT WAS SAID THAT VELASCO WOULD

UNDERGO A NEW OPERATION. VELASCO ASKED IF ANY LADIES WERE PRESENT. WHEN THE JOURNALISTS RESPONDED YES, THE PRESIDENT REPLIED THAT IS THE ONLY REASON I MIGHT BE OPERATED ON; THERE WERE LOUD GUFFAWS AND VELASCO SAID HE IS WELL.

3. COUP ANNIVERSARY. VELASCO SAID THAT THERE WOULD BE NO SPECTACULAR ANNOUNCEMENTS DURING OCT 3 SPEECH. HE ACKNOWLEDGED THAT HE WOULD BE COMPLETING SIX YEARS IN OFFICE (EQUIVALENT TO A CONSTITUTIONAL TERM) BUT SAID THAT THIS WOULD SIMPLY BE THE END OF HIS FIRST TERM. RESPONDING TO ANOTHER QUESTION, HE NOTED THAT SOME PORTIONS OF THE INCA PLAN MIGHT NOT BE COMPLETED UNTIL HIS "THIRD TERM".

4. PETROLEUM AND FOREIGN DEBTS. REFERRING TO INCA PLAN, JOURNALISTS ASKED VELASCO WHETHER OIL CONTRACTS WITH FOREIGN FIRMS MIGHT NOT BE ABROGATED AND IF TAKE IT OR LEAVE IT SITUATION APPLIED STILL TO FOREIGN DEBT REFINANCING. VELASCO STRESSED THAT OIL CONTRACTS WOULD BE RESPECTED. DEBT REFINANCING PROBLEM, HE SAID, APPLIED IN 1968. THINGS ARE DIFFERENT NOW, VELASCO CONTINUED, AND PERU HAS FOREIGN EXCHANGE RESERVES AND "PER IS MEETING AND WILL COMPLY FAITHFULLY WITH ALL ITS OBLIGATIONS. IT PAYS ITS DEBTS ON TIME AND ALWAYS WILL. IT IS A REVOLUTION WHOSE WORD IS VALUED, BECAUSE IT IS SERIOUS." ON SEVERAL OCCASIONS, VELASCO EMPHASIZED THAT INCA PLAN OBJECTIVES MIGHT TAKE FIVE, TEN, EVEN 20 YEARS TO ACCOMPLISH, SPECIFICALLY IN PETROLEUM AND BANKING FIELDS.

5. PIPELINE. AN UNPUBLISHED EXCHANGE TOOK PLACE ON PIPELINE FINANCING AGREEMENT WITH JAPANESE. VELASCO SAID THAT ENERGY AND MINES MINISTER FERNANDEZ MALDONADO RETURNED FROM JAPAN WITH AN AGREEMENT BUT THAT NOW THE MINISTRY OF FINANCE, WORKING WITH FONMIN, STILL HAS TO FINALIZE IT.

6. ITALIAN FRIGATES. TAPE ALSO REVEALS THAT VEALSCO WAS ASKED ABOUT FOREIGN PRESS REPORTS THAT PERU IS BUYING FOUR ITALIAN MISSILE FRIGATES. VELASCO REFUSED TO DENY OR CONFIRM THE INFORMATION BUT SAID THAT PERU NEEDS ITS MONEY FOR DEVELOPMENT AND HAS ONLY PEACEFUL INTENTIONS.

7. CHILEAN DEMONSTRATION. VEALSCO WAS ASKED ABOUT A PLANNED LIMITED OFFICIAL USE

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PAGE 03 LIMA 07440 052340Z

SEPTEMBER 11 DEMONSTRATION AGAINST CHILE. HE SAID THAT PERU REPECTS WHATEVER FORM OF GOVERNMENT OTHER COUNTRIES WANT FOR THEMSELVES. HE SAID MILGOV HAD NEITHER FOSTERED NOR AUTHORIZED THE DEMONSTRATION. (SEPT 5 LIMA PRESS CARRIES REAFFIRMATION OF AUGUST 1 MINISTRY OF INTERIOR BAN AGAINST ALL PUBLIC DEMONSTRATIONS, WITH SPECIFIC REFERENCE TO SEPTEMBER 11 EVENT.)

8. VELASCO COVERED SEVERAL OTHER TOPICS. HE REFERRED DERISIVELY

TO FORMER PRESIDENT BUSTAMANTE'S RECENTLY PUBLISHED CRITICISM  
OF "UNCONSTITUTIONAL" MILGOV ACTIONS, SUGGESTING THAT PERU'S  
MOST SENIOR AND GENERALLY REVERED PRESIDENT BELONGS IN A "GLASS  
CASE FOR POSTERITY" (TAPED VERSION). VELASCO RIDICULED FORMER  
PRESIDENT BELAUNDE'S EFFORTS TO ENTER PERU AND SAID THAT BELAUNDISTA  
LEADER ARIAS STELLA COULD NOT RETURN TO PERU DESPITE THE JUST-  
ANNOUNCED FAVORABLE WRIT OF HABEUS CORPUS BECAUSE PERU IS IN A  
REVOLUTION. VELASCO SAID THAT RENT REFORM MAY BE READY BY OCTOBER  
3 BUT THAT MEDICAL SERVICE REFORM REMAINS UNDER STUDY.

9. BASED ON TV CLIP SHOWN LAST NIGHT, THE PRESIDENT LOOKED  
WELL, JOKED AS USUAL AND SEEMED VERY MUCH AT EASE WITH THE  
PRESS.

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## Message Attributes

**Automatic Decaptioning:** X  
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**Control Number:** n/a  
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**Draft Date:** 05 SEP 1974  
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